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Assistance to the Palestinian people

Report of the Secretary-General**

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** The present report is being submitted on 5 July 2002 in order to include as much updated information as possible.

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Summary

The present report describes measures taken by United Nations agencies and the donor community at large to render assistance to the Palestinian people in the implementation of General Assembly resolution 56/111. During the reporting period, the realities and priorities in the occupied Palestinian territory shifted significantly owing to the rapid escalation of violence and confrontation in March-April 2002, leading to extensive destruction of Palestinian social and economic infrastructure and a sharp deterioration in the living conditions of the Palestinian people. This new situation required rapid adjustments in the international assistance to the Palestinian people. To reflect this shift in emphasis, the report contains a separate analysis of the assistance provided in the periods from June 2001 to March 2002 and from March to May 2002.

The international community is responding to the crisis facing both the Palestinian Authority and the civilian population with a two-track approach: continuation of efforts to support the Palestinian Authority's capacity to deliver essential services; and emergency assistance with regard to damage to institutions, infrastructure and property, and in the area of urgent social and humanitarian needs. Using the Local Aid Coordination Committee as its principal forum, donors and United Nations agencies, supported by its co-chairs (Norway, the United Nations Special Coordinator in the Occupied Territories and the World Bank), launched a joint emergency response to the crisis based on immediate humanitarian assistance and repairs, as well as on damage assessment and rehabilitation of infrastructure and institutions.

The present report also describes the challenges faced by the United Nations system and the international community in providing short, medium and long-term assistance to the Palestinian people.

The consequences of Israel's policy of internal and external closures have been devastating, and since April 2002 these closures have been tightened further. The closures are increasing the cost and complexity of the efforts of donors and the United Nations to strengthen Palestinian institutions, and to support the provision of basic services to an increasingly impoverished population.

I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 56/111 of 14 December 2001 on assistance to the Palestinian people, in which the Assembly requested the Secretary-General to submit a report to it at its fifty-seventh session, through the Economic and Social Council, on the implementation of the resolution. The present report covers the period from June 2001 to May 2002.

2. It should be noted that information concerning the living conditions of the Palestinian people are provided in separate, periodic reports prepared by the Office of the United Nations Special Coordinator in the Occupied Territories (UNSCO). In addition, a separate report, prepared by the Economic and Social Commission for Western Asia (ESCWA) on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and the Arab population in the occupied Syrian Golan (A/57/63-E/2002/21) provides detailed information on the living conditions of the Palestinian people, including the current crisis situation. The annual report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) provides information, inter alia, on the socio-economic conditions of the registered refugee population in the occupied Palestinian territory.

3. In September 1999, the Secretary-General reconfigured the mandate of the United Nations Special Coordinator in the Occupied Territories, whose title was changed to "United Nations Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority". In addition to his responsibilities relating to the occupied Palestinian territory, the Special Coordinator was given responsibilities for coordinating United Nations assistance related to the peace process in Jordan, Lebanon and the Syrian Arab Republic. Throughout the period under review, the Special Coordinator has maintained his efforts to fulfil the mandate of his office, including ensuring effective coordination between the relevant institutions of the Palestinian Authority, the United Nations and the international community, as well as documenting the economic and social conditions in the occupied Palestinian territory. He has also provided periodic analyses on those matters and special reports on specific issues.

II. Overall context

A. Situation on the ground

4. Since the outbreak of the crisis in September 2000, the situation on the ground has deteriorated consistently. In the last year, there were increasing numbers of suicide attacks against civilian and military Israeli targets by Palestinian groups and large-scale military operations by Israeli armed forces, including incursions into Palestinian-controlled areas. Following a particularly lethal terrorist attack in Netanya on 27 March, the conflict entered a new phase with the Israel Defense Forces (IDF) launching a massive retaliatory operation in the West Bank. The Palestinian civilian infrastructure was severely damaged, including road, water, electricity, telecommunication and sewage networks. The Palestinian Authority's capacity to provide services for the Palestinian population was decisively weakened. Private institutions and property also suffered widespread damage. Upon withdrawing, Israeli forces redeployed around Palestinian cities and maintained a security cordon around all major population centres. As of May 2002, Israeli forces continued to make short and targeted incursions into the A areas of the West Bank.

5. The donor, diplomatic and aid community, deeply concerned about the humanitarian situation in the occupied Palestinian territory and the terrorist attacks against Israel and Israel's military retaliation, repeatedly urged the Government of Israel and the Palestinian Authority to abide by their obligations under international humanitarian law, including the Fourth Geneva Convention. This means, inter alia, preventing attacks against civilians, including suicide attacks; ensuring the safety of civilians; allowing medical personnel immediate, safe and unhindered access to the sick and the wounded; lifting curfews within Palestinian cities and permitting the entry of food and medical supplies; avoiding damage to civilian infrastructure; and ensuring that diplomatic missions, United Nations agencies, the International Committee of the Red Cross (ICRC) and other relief actors have immediate, safe and unhindered access to the population in need.

B. Economic crisis

6. Prior to the March-April 2002 military operations, the economic and social conditions in the West Bank and Gaza Strip were already in a state of deep and continuously worsening crisis. Relative to the pre-intifada period, the first 18 months of confrontations and movement restrictions had witnessed a reduction of more than 20 per cent in domestic production levels, unprecedented levels of unemployment, a 30 per cent decline in per capita income and a more than doubling of the poverty rate to reach some 45-50 per cent of the Palestinian population. The World Bank estimates that the physical damage inflicted on the Palestinian public infrastructure and private property had already reached $305 million by end-year 2001, while Palestinian income losses totalled $2.4 billion at that time.

7. Increasingly intense confrontations, Israeli incursions and an ever tighter closure regime resulted in further deterioration of the economic conditions in both the West Bank and Gaza Strip, as well as in Israel. In particular, the movement of people and goods in the West Bank has become increasingly restricted, further impeding domestic production and the circulation of goods and services. These closure measures led to a further decrease in Palestinian labour flows to Israel. Private investment and external trade were also further compressed. Donor-supported projects — whether in public infrastructure or capacity- or institution-building — were increasingly damaged, undermined or halted owing to the confrontations and the inability of personnel to move within the West Bank and Gaza. That was reflected in a precipitous decline in public investment, most of which was funded by donors.

8. In this respect, particularly worrying is the impact of the new system of permits for Palestinians to be able to travel within the West Bank and the implementation of the so-called "back-to-back" system whereby goods need to be off-loaded from incoming trucks and then re-loaded onto local trucks at eight checkpoint locations near major Palestinian cities in the West Bank. These measures will reduce even further Palestinian economic activity. Domestic employment, as a result, will contract, causing deterioration in the already precarious labour market and in Palestinian living conditions. Moreover, it is expected, as evidenced in Gaza, that the impact of creating enclosed "cantons" and enforcing a system of travel by permit will drastically reduce the number of Palestinians working in Israel. If the remaining number of Palestinians who hold Palestinian identity cards and are employed in Israel were to become unemployed, then, at existing rates, UNSCO estimates that the Palestinian unemployment rate would increase by nearly four percentage points. Consequently, it is estimated that the poverty rate for the West Bank and Gaza will soon surpass 60 per cent. Finally, the Palestinian Authority and municipal administrations will experience a deterioration in fiscal positions, reducing the quality of social services provided by the Authority for the population, whether in the health, education or environmental sector. As the socio-economic underpinnings of their society disintegrate, it will be harder for Palestinians to cope in conditions of rising poverty.

9. Both UNSCO and the World Bank have repeatedly noted that the single most important direct cause of the socio-economic crisis is the internal and external closures imposed by Israeli authorities on the Palestinian population. Indeed, economic losses due to closures are far greater than the costs incurred by the damage to infrastructure and institutions, even after the March/April military incursions and their aftermath. As an illustration, during the first 15 months of the current crisis, physical damage from armed conflict amounted to $305 million while Palestinian income losses due principally to the restrictions on the movement of goods and people totalled $2.4 billion. The most efficient way to relieve this socio-economic crisis would thus be to significantly ease movement restrictions on people, vehicles and goods. This would produce immediate and significant benefits, reversing the downward spiral towards a geographically fragmented economy, raising output, employment and income, increasing economic growth rates and reducing the poverty rate. Recognizing that Israel has legitimate security concerns, the international community has sought to engage the Government of Israel in a dialogue on ways of maintaining security while increasing the movement of Palestinian goods and people, to date with limited success.

C. Fiscal crisis within the Palestinian Authority

10. The fiscal situation and prospects of the Palestinian Authority have worsened severely since the outset of the crisis in 2000. The adverse effects on its

fiscal position are due to: (a) a sharp decline in its revenue-making capacity associated with a decline in economic activity and a disruption in tax administration (it is estimated that the Palestinian Authority's revenue-making capacity has dropped to about 60 per cent of its pre-crisis level); (b) the suspension by the Government of Israel of the transfer of the revenues it collects on behalf of the Palestinian Authority ("clearance revenues"); and (c) an increase in expenditure associated with the emergency needs arising from the crisis. Despite adjustment measures by the Palestinian Authority, implemented in the context of an emergency spending plan developed with the assistance of the International Monetary Fund (IMF), a large fiscal deficit emerged in 2001. That was largely financed through external assistance, in addition to the accumulation of domestic arrears with the private sector.

III. International response and assistance provided by the United Nations system

11. With the outbreak of the conflict in September 2000, the donor community and United Nations agencies operating in the occupied Palestinian territory had to rapidly adapt their activities and assistance to reflect the growing crisis on the ground. That led to a shift from a focus on long-standing development activities to a concentration on emergency humanitarian assistance. United Nations agencies thus began to rely on a two-track strategy so as to meet emergency needs, while at the same time maintaining their regular programmes.

12. During the reporting period, there was a strengthening of collaborative efforts among donors, the United Nations and the aid community at large to respond to the socio-economic and humanitarian consequences of the crisis and closures. From the outset of the April 2002 crisis, they were actively engaged in humanitarian and emergency response. The most remarkable feature of this response was the high degree of collaboration between donors, the Palestinian Authority and the United Nations system. The United Nations Special Coordinator worked towards fulfilling the mandate of his office by continuing diplomatic efforts based on the three-tier approach to address the security, political and economic dimensions of the crisis, and in the economic arena led concerted efforts, together with the Palestinian Ministry of Planning and International Cooperation, to reorganize and revitalize sector working groups in priority areas.

13. The Office for the Coordination of Humanitarian Affairs has been involved in the region at the request of UNSCO since September 2000 to support its activities in coordinating the international response and facilitating the work of the humanitarian agencies, particularly the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). On 27 June 2001, UNSCO convened the Seventh Annual Inter-agency meeting, in which 23 United Nations agencies, together with their Palestinian and donor counterparts, discussed both the role of the international community in responding to the priority needs and the way it can best promote medium- and long-term development in the West Bank and Gaza.

14. By mid-2001, the donor community had agreed on the need for a better understanding of the economic impact of the crisis and its accompanying closure policy, and the priorities that they should collectively address. Under the auspices of the local aid coordination committee, the World Bank conducted in March 2002 an economic assessment, presenting a comprehensive and sobering picture of the situation in the occupied Palestinian territory and outlining a course of action for the coming period. In addition, the donor support group of the local aid coordination committee conducted in April and May 2002 an assessment of physical and institutional damage resulting from IDF actions in the West Bank.

15. Donor funding increased dramatically between the outbreak of the current crisis and the first quarter of 2002. According to the World Bank, compared with 1999, commitments rose by 77 per cent and disbursements by 93 per cent in 2001. However, the surge in assistance can be misleading, as disbursements on growth-oriented infrastructure and capacity-building projects dropped from over $400 million in 1999 to $175 million in 2001, and many large capital projects (highways, industrial estates, the Gaza port and airport, for example) were seriously delayed, totally halted, damaged or destroyed. Thus, long-term investment was sacrificed for short-term survival.

16. As far as budgetary support for the Palestinian Authority is concerned, it was provided mainly by the League of Arab States ($460 million) and the European Union ($114 million) for the period from November 2000 to November 2001. In addition, donors contributed to the financing of non-wage budget expenditures to ensure service delivery by the Palestinian Authority, under the Emergency Service Support Programme sponsored by the World Bank. In

February 2002, the Palestinian Authority's emergency spending plan was extended. However, as of May 2002, a sharper reduction in revenue, combined with higher emergency expenditures, seemed to be leading to an increase in the fiscal gap for 2002. Commitments for 2002 amounted to $620 million from the League of Arab States, $110 million from the European Union and $10 million from Norway. Donors have also been urging Israel to release tax revenues which, for the period from December 2000 to December 2001, were estimated at 2.1 billion Israeli shekels (US$ 507 million) and have offered to create mechanisms to monitor the use of those funds. However, as of May 2002, these transfers had not been resumed.

A. June 2001 to March 2002: United Nations emergency and development assistance

17. Both development and humanitarian assistance activities for the period prior to the April 2002 events are briefly outlined below by sectors as categorized by the Palestinian Authority in its Palestinian Development Plan.

18. *Infrastructure and natural resource management.* United Nations agencies were involved in various water and sanitation projects (UNRWA) or in infrastructural development at the municipal and national levels (World Bank; United Nations Development Programme). They continued to assist in enhancing the administrative and managerial capacities of Palestinian institutions and ministries that play crucial public service roles. To cite but one example, the United Nations Population Fund (UNFPA) has disbursed approximately $1 million since May 2001 for development assistance in the areas of reproductive health, population and development strategies. Overall, emphasis in the reporting period was placed on (a) training; (b) improved access to information and communication technologies; (c) capacity-building for various ministries of the Palestinian Authority; and (d) the promotion of transparency and accountability.

19. *Human resources and social development.* Education remained one of the key sectors of United Nations activities in the West Bank and Gaza. UNRWA, for example, devoted a cash expenditure of $77.4 million to that sector. However, the tight closure regime and the intensity of the crisis had a particularly devastating impact on the well-being of Palestinian children and their ability to maintain pre-crisis levels of academic performance. Mobility restrictions and in some cases injuries, regularly prevented children from physically attending classes. UNRWA, the United Nations Children's Fund (UNICEF) and the United Nations Educational, Scientific and Cultural Organization (UNESCO) all conducted or financially supported remedial "catch-up" classes, various compensatory education programmes, and extra-curricular activities. In addition to supplying equipment and teaching materials, the three agencies also devoted various programmes to teacher training, training workshops for youth and transfer-of-knowledge schemes. UNICEF also worked towards better parenting practices, the introduction of life skills into school curricula, the strengthening of education information systems and school health screening. In addition, UNDP and UNESCO jointly launched a project for the improvement of the quality of Palestinian early childhood education.

20. The emergency situation significantly increased the burden placed on the Ministry of Health and United Nations agencies' curative services, as highlighted in the vulnerability assessment by the World Health Organization (WHO) of the impact of the situation on the health status of the Palestinian population. Agencies responded by stepping up their emergency activities. UNRWA, which operates 51 primary health-care facilities throughout the West Bank and Gaza which had 3.3 million patient visits in 2001 (a 21 per cent increase in medical consultations), devoted $23 million to its overall health programme. United Nations emergency assistance involved strengthening the capacity of the health system with regard to emergency and casualty care, the provision of mobile medical teams, the distribution of aid kits, and increasingly specialized and skilled training. Agencies also devoted many of their activities to mental health and psychological support, especially for children, youth and those who have sustained physically disabling injuries. WHO, for example, carried out an assessment of mental health services in the West Bank and Gaza with a view to assisting the Ministry of Health in the development and formulation of national mental health policies. UNICEF produced a psychological aid brochure for use by teachers and parents and established crisis intervention teams to provide psychosocial support for children through recreational activities and self-expression.

21. As the socio-economic and humanitarian crisis deepened, poverty alleviation became an increasingly important area of intervention. United Nations agencies focused on three main mechanisms: cash flow initiatives, food distribution and employment generation programmes. The cash expenditure in 2001 for the entire relief and social services programmes amounted to $8 million. Food distribution increased significantly over the reporting period, targeting both the refugee population (UNRWA) and the non-refugee population (World Food Programme). In July 2001, WFP approved a new emergency operation to provide food assistance for a total of 53,500 households and continued the ongoing operation begun in October 2000 to assist 104,000 special hardship cases. As for employment generation programmes, UNRWA expanded the number of short-term employment opportunities, with an emphasis on the Gaza Strip. Between early 2001 and April 2002, over 140,000 individuals benefited from short-term jobs with UNRWA.

22. *Human rights and women*. Both the Office of the United Nations High Commissioner for Human Rights and UNICEF focused on human rights advocacy, training and education and the establishment of guidelines and codes of conduct for specific Palestinian Authority security services and ministries. United Nations programmes did not only support civil society and grass-roots initiatives for the promotion and protection of human and children's rights. They also targeted specific groups, such as prison guards, the police forces and members of the Palestinian Legislative Council, and they worked with the Palestinian Authority at improving its legal framework. Seeking to address the particular needs and rights of women, UNRWA sponsored 25 women's programme centres, and UNIFEM continued the implementation of several programmes and projects.

23. *Productive sectors*. UNRWA's microfinance and microenterprise programme remained one of the few credit intermediaries continuing to finance the microenterprise sector. However, as a commercial venture that covers its costs from the interest it charges on loans, the programme was subject to the same pressures facing the Palestinian business community as a whole, and in 2001, for the first time since 1997, the programme did not cover its full costs. In the area of environmental conservation and rural development, UNDP led many initiatives in such diverse fields as improving energy efficiency and reducing greenhouse gas emissions, establishing a nature reserve in Gaza and increasing the capacity of the poorest to sustain their livelihoods by providing food security through water harvesting and rehabilitation of rangelands. In the same area, WFP began a quick action project in January 2001 as initial development assistance to 47,360 small farmers, landless peasants and rural women. The United Nations Conference on Trade and Development (UNCTAD) worked on three main projects: (a) support for small and medium-sized enterprise development; (b) strengthening technical capacities in customs administration; and (c) strengthening capacities in debt monitoring and financial analysis. The United Nations Industrial Development Organization (UNIDO) continued its support for the Palestinian Federation of Industry by providing assistance for local small and medium-sized enterprises. Despite having to curtail many of its planned activities, the International Labour Organization (ILO) continued its Palestinian Employment Programme and followed up several training and research projects related to vocational and trade union activities, the private sector and child labour.

B. March to May 2002: United Nations focus on emergency assistance

24. The urgency created by the events of March/April 2002 led the international community to mobilize rapidly to assist the Palestinian people and the Palestinian Authority to cope with the humanitarian impact of the Israeli military incursions, as well as with the physical damage caused by them. Doing so required strong coordination among the donor and aid community at large and close cooperation with the Palestinian Authority. Using the Local Aid Coordination Committee as its principal forum, donors and United Nations agencies, supported by its co-chairs (Norway, UNSCO and the World Bank) launched a highly coordinated joint emergency response to the crisis based on two approaches: first, immediate humanitarian assistance and repairs (priority one); and, second, damage assessment and rehabilitation of infrastructure and institutions (priority two). The purpose of the priority one mechanism was to help the Palestinian Authority, the municipalities and non-governmental organizations to cope with humanitarian and basic repair needs by routing specific emergency requests to donors and by encouraging donors to focus on the needs coming through a clearing house coordinated jointly by UNDP and the World Bank.

25. *Medical supplies, health care and trauma counselling*. Despite the extremely dangerous conditions on the ground, throughout the month of April, UNDP, UNFPA, UNICEF, UNRWA and WHO all made regular deliveries of medical supplies to hospitals in the major cities of the West Bank and supported vaccination campaigns and other emergency measures throughout the territory. WHO established the health action response team operation room in order to support and strengthen the structure and coordination mechanisms of the health care group and the sector working groups. During the Israeli incursion in the Jenin refugee camp, UNRWA mobilized immediately to mount a relief operation to assist those who fled the camp in the early stages of the fighting. Once the Agency gained temporary access to the camp, a vaccination campaign was carried out for residents to prevent tetanus and other infectious diseases due to decomposition of corpses and the risk of contaminated water. The Office for the Coordination of Humanitarian Affairs deployed additional staff, including a United Nations Disaster Assessment and Coordination team to assist UNRWA in assessing/managing the Jenin refugee camp crisis.

26. United Nations agencies placed much emphasis on psychological support. UNICEF took the lead and set up counselling hot lines which are fully functional in Ramallah, Nablus and Gaza. Front-line psychosocial workers are being trained to conduct activities and respond to case referrals. UNICEF has also, in cooperation with UNRWA and Palestinian non-governmental organizations, developed a plan of action for short and mid-term psychosocial interventions in Jenin. The approach, which is in line with the Palestinian Code of Conduct for Psychosocial Interventions, will be replicated in eight sites in the West Bank. In addition, teachers will also receive psychosocial support to help them cope with ongoing traumatic events.

27. *Food and shelter*. Intermittent curfews and the curtailment of economic activity have led to a greatly increased need for food and nutritional support. As an intermediate response to the intensification of the crisis in March and April, and despite the extreme movement restrictions, UNRWA, WFP and UNICEF distributed emergency food supplies. A food crisis group chaired by WFP was established with membership from concerned United Nations agencies, national and international non-governmental organization consortiums, the International Committee of the Red Cross, and donors. WFP also prepared a new emergency operation to cover the increased needs in the occupied Palestinian territory arising from the current situation, to cover the period from May to December 2002. Funds are currently being sought for this project. Damage caused to shelters during incursions has also generated a need for an expansion of activities in this sector. During the military incursion in Jenin, UNRWA provided 120 tents, 100 kitchen kits and 2,460 blankets to those individuals who had fled the fighting. Once the Agency had gained access to the camp, its engineers shored up 56 structures to prevent them from collapsing. In all, 85 structures (255 housing units) were designated for reinforcement in this way. At the same time, the Agency began the demolition of unsafe structures in the camp.

28. *Water and sanitation*. Following damage to the civilian infrastructure in the West Bank as a result of Israeli incursions, UNDP, UNRWA and other United Nations agencies undertook intensive efforts to restore water, sewage and electricity connections in populated areas. The emergency repair of roads was also a top priority.

29. *Damage assessment*. The aim of the priority two mechanism was also to avoid overloading weakened Palestinian institutions, to minimize duplication and gaps in assistance and to avoid overenthusiastic reprogramming of development assistance into emergency work. The donor community agreed that those tasks could best be accomplished by working from one agreed inventory of the damage directly caused by Israeli incursions since 1 March 2002. A physical and institutional damage assessment was thus launched on a regional basis under the auspices of the newly created Donor Support Group consisting of Palestinian Authority officials and staff members of the European Commission, UNDP, UNSCO, the United States Agency for International Development and the World Bank working under the aegis of the Local Aid Coordination Committee. Seven regions of the West Bank were defined for this purpose, with a further five "standby" regions designated in the event of further incursions. Regional Teams throughout the cities of the West Bank were formed and a lead donor and/or United Nations agency for each region was assigned to review damage to the infrastructure and public institutions and develop a list of agreed action priorities.

30. The damage assessment was completed in mid-May, and estimated the total physical and institutional damage in the West Bank resulting from Israel's

military incursions during March and April at $342 million. On a sectoral basis, the private sector suffered the most damage, with repairs estimated at $100 million. The city of Nablus (and its historical sites) was hardest hit ($113 million), followed by the Jenin and Ramallah governorates. There was also significant damage to several Palestinian Authority ministries, roads, private housing and ancient cultural sites, as well as to electricity and water networks, schools and clinics. The refugee population was also particularly hit.

31. These figures do not include income losses and social and humanitarian costs — a separate United Nations assessment was launched in May under the auspices of the Office for the Coordination of Humanitarian Affairs to assess humanitarian damage. During the damage assessment exercise, the Support Group also had the responsibility to solicit information from donors on their planned funding for damage repair and to obtain an indicative sense of donor funding preference by sector and area.

32. On 25 April 2002, an informal meeting of the Ad Hoc Liaison Committee for the Coordination of International Assistance to Palestinians was held in Oslo in which Israel and the Palestinian Authority participated as guests. Out of the estimated $2 billion needed, which included $342 million for the repair of the physical damage of March/April, $1.2 billion was pledged. The meeting was set in the context of the three-pronged strategic framework outlined by United States Secretary of State Colin Powell, building on the Quartet's joint statement. Donors agreed to review whether some of the funds could be made available for immediate needs and to review the possibility of making new funds available. Donors reaffirmed their commitment to restoring the capacity of the Palestinian Authority at the national and municipal levels to deliver basic services and provide law and order. They also agreed to work to recreate the conditions of normal economic life and to support private sector recovery. Israel's cooperation in easing closures and facilitating and safeguarding the work of the donor community were seen as central to those objectives.

IV. Challenges for United Nations assistance

33. The upsurge in violence in March and April 2002 exacerbated a series of challenges that United Nations agencies and the donor community were already facing in their efforts to provide assistance for the Palestinian people.

A. Movement restrictions and humanitarian access issues

34. While closure measures by the Israeli authorities have had a significant effect on the daily lives of Palestinian families, they have furthermore become a significant hindrance for all United Nations agencies and the donor community at large attempting to implement their various development and humanitarian assistance activities. Specifically, the logistics of United Nations agencies were heavily affected: the multitude of checkpoints, the imposition of curfews and internal closures and the introduction of a cumbersome permit and magnetic card system for the travel of national staff have caused long delays and unpleasant and lengthy travels for both international and national staff, increased costs, and resulted often in an inability among the national staff of United Nations agencies to report to work. At the peak of the latest crisis, for instance, in late March and April, Gaza was divided into three areas, seriously disrupting humanitarian services and preventing nearly 800 local UNRWA staff members from reporting to work. In addition, closures and curfews often prevented beneficiaries from reaching distribution/services sites, or forced them to take long routes to reach their destinations, thereby seriously undermining the ability of United Nations agencies to fulfil their mandates to provide assistance and relief for the Palestinian people. For instance, the monitoring of food distributions and beneficiaries has become increasingly difficult for WFP staff, as has the timely implementation of various WFP-related activities. Closures obviously also affected the ability of the Palestinian counterparts of United Nations agencies to move and work, resulting in weaker communication and coordination between the project partners and the agencies. Moreover, numerous United Nations facilities and the premises of institutions funded by United Nations agencies were damaged by Israeli shelling or the IDF occupation of the premises, which were turned into barracks or detention centres by the IDF, for example UNRWA and UNESCO schools and educational facilities.

35. In the past several months, access restrictions have reached an unprecedented level, making the emergency humanitarian assistance operations of the

various United Nations agencies extremely difficult and often dangerous. United Nations aid convoys and medical teams, including ambulances, were repeatedly denied entry or seriously delayed while attempting to enter various areas of the West Bank and in large areas of the Gaza Strip. Compounding those movement restrictions, UNRWA convoys and ambulances have been fired upon by Israeli troops, UNRWA and UNSCO staff members have been arrested by the Israeli authorities and detained without charge, and one UNRWA staff member, assisting a medical crew, was shot and killed while riding in an UNRWA ambulance on 7 March near Tulkarem. In Gaza, the Karni crossing has been closed to its containerized cargoes since 29 March. As of 13 May, UNRWA had some 348 containers stuck in the Port of Ashdod, destined for Gaza, which were not allowed in.

36. UNRWA and UNSCO have been working on a continuing basis through various channels to improve humanitarian access. Within the donor community's technical task force on project implementation, UNSCO has led United Nations efforts to negotiate with Israel on improved access. UNRWA and UNSCO intervened frequently with the Israeli authorities on the ground, but the situation over the last year not only did not improve but dramatically deteriorated. As of the end of May 2002, the Israeli authorities continued imposing restrictions on the travel of United Nations personnel, vehicles and goods through key crossing points, as well as intrusive search and inspection procedures of United Nations vehicles and personnel — including diplomats — at those crossing points. More worryingly, at the beginning of May 2002, a new Israeli plan for an even further tightening of the closure of Palestinian cities and villages was disclosed to the international community. According to Israeli authorities, the plan includes the following features:

(a) Movement of people: the major cities in the West Bank will be closed off and Palestinian travel between cities in the West Bank will no longer be possible without a permit issued by the Israeli authorities. In addition, Palestinians (including United Nations and donor national staff) will no longer be allowed to travel from the West Bank or Gaza to Israel or East Jerusalem. International staff, including diplomats, will be subject to a search of their car and possibly luggage when entering Israel through Erez (from Gaza);

(b) Movement of goods: the movement of goods from Israel to the West Bank, and between cities within the West Bank, will be subject to the back-to-back system (previously the back-to-back system had been in place in a very limited form for the West Bank and only for the transport of goods across the Green Line). A total of eight checkpoint locations (near major Palestinian cities in the West Bank) have been designated as "back-to-back" areas and are the only places where the exchange can take place. Trucks with United Nations or donor plates transporting humanitarian goods or donor project-related goods will be allowed to access the West Bank on the condition that the truck is driven by an international driver. The movement of donor and United Nations goods into Gaza will only be allowed for humanitarian goods (mainly food supplies).

37. While the international community recognizes Israel's legitimate security concerns, especially in the context of continuing suicide attacks, which have been repeatedly condemned by the Secretary-General, these new measures are regarded as extremely alarming not only because of their legal implications but also because of their dramatic impact on the ability of agencies to provide humanitarian and development-oriented assistance. Moreover, as these measures will have a significant negative effect on the already weak Palestinian economy, it is more than likely that United Nations/donor involvement will be forced to shift to humanitarian activities and the long-term effects of millions of past development assistance will be negated.

B. Priority needs still unmet

38. In its March 2002 assessment of the Palestinian economy, the World Bank outlined three different scenarios of the impact of political developments on the economic prospects for the West Bank and Gaza, with corresponding levels of donor commitment over the coming years. The three scenarios were as follows:

(a) "Status quo" scenario, referring to the early 2002 levels of closure and confrontations, with restricted movement of goods and people but continued access by 50,000 labourers to Israel, donor budget support maintained at projected levels ($64 million per month), and no payment of tax revenues due from Israel;

(b) "Political rapprochement" scenario, leading to a cessation of hostilities, a lifting of closure and a resumption of revenue transfers by Israel;

(c) "Tightened closure" scenario, involving harsher closure, with armed confrontation resulting in

considerable additional physical damage and heavy disruption of trade and movement, along with a virtual closing off of any labour access to Israel. Donor budget support would continue at projected levels and there would be no payment of the aforementioned tax revenues.

39. The situation on the ground has deteriorated to the level anticipated in the third scenario, although this does not rule out future evolution towards other scenarios. This means that, in order to cover the above needs under the current scenario, $1.7 billion would be needed for 2002 at a minimum, of which $956 million is already available, leaving a gap of $766 million, it being understood that, for any economic recovery to take place, closures and tightened restrictions on the movement of goods and people must imperatively be lifted. As a result of the damage during the March/April Israeli incursions, physical reconstruction (private sector, infrastructure, housing, heritage, Palestinian Authority institutions and buildings) has become even more of a priority, as has emergency assistance to Palestinians suffering from the breakdown of the infrastructure, from the lack of access to services and from unemployment. The extreme level of closure also means that much of what remains of the Palestinian private sector will shut down, and law and order and the delivery of social services will be further crippled. With regard to the Palestinian Authority's fiscal outlook, this will largely be shaped by developments in the underlying political environment. Given the high degree of uncertainty in that environment, any projection of the Palestinian Authority's fiscal needs in the coming year must be viewed as highly tentative. It is estimated that the Palestinian Authority will need $924 million in external budgetary assistance in 2002 if Israel does not resume the transfer of clearance revenues. If the transfers are resumed, the financing requirement will drop to about $600 million.

40. Reporting from the perspective of the current tightened closure scenario, United Nations agencies stress the need for increased intervention in their respective sectors. WHO emphasizes the fact that the financial situation of the Ministry of Health is endangering the functioning of the health services while movement restrictions are having a very negative effect on the health of the Palestinian people. As long as the closure policy is in place, WHO, other health actors and, more generally, social services providers will have to build on short-term strategies to minimize the impact on the delivery systems, at steadily increasing costs. The Organization also points out the need for continuous assessments of the health situation and response capacity; for support to ensure the continuous services of the preventative health programme; for the formulation of strategies for drug distribution; and for the strengthening of the surveillance system of disease and nutritional status with the major health providers. Within this sector, UNFPA underscores the need for improvement of the capacity of key Palestinian institutions in charge of planning for and managing reproductive health programmes; for strengthening ongoing efforts to increase the availability of and access to basic and quality reproductive health services; for the rehabilitation of clinics and ensuring availability of essential drugs and medical supplies; and for developing the mental health capacities of the Palestinian health system. UNRWA emphasizes the widespread destruction of housing, schools, clinics, electricity supplies and water and sanitation systems, and estimates that an additional $70 million is required to meet the emergency humanitarian needs of refugees in the West Bank and Gaza. Urgent assistance to the education sector, employment generation and reconstruction of homes/shelters are other priorities stressed by UNRWA. WFP points out that the halt in economic activities due to closure and damage has meant that access by the poor to food has been further curtailed. The Programme therefore emphasizes the need for increased emergency operations to cover the new need for food delivery in the territories. The highest priority of UNDP within its programmes is the rehabilitation of institutional and structural damage to the public and private sectors; employment generation remains another top priority, as does support for capacity-building in the public sector and anticipated administrative reform.

C. Enhanced coordination

41. The donor community and United Nations agencies agree on the need to increase coordination among donors and between donors and the Palestinian Authority. This includes assistance in the development of a Palestinian emergency plan; supporting the strengthening of the core economic management institutions of the Palestinian Authority; and further reanimating aid coordination mechanisms, including

for development activities. In terms of relief efforts in the field during the March/May crisis, UNRWA took the lead in coordinating and carrying United Nations assistance to the civilian population throughout the West Bank, with the help of its own staff and that of other United Nations agencies, who worked at considerable risk to their safety. United Nations agencies continued operating both their regular programmes (to the extent that these were able to operate under the conditions prevailing at the time) and their emergency activities with a skeleton staff. In the immediate aftermath of the military operation, the Office for the Coordination of Humanitarian Affairs also began establishing a humanitarian information centre — a humanitarian data collection, analysis, reporting and public information centre serving the information needs of all stakeholders, including the Palestinian Authority, donors and relief operators. In addition, the team from the Office for the Coordination of Humanitarian Affairs served as a humanitarian focal point for UNSCO and provided the office of the Special Coordinator with humanitarian information and analytical input. UNSCO led efforts with the Government of Israel in an attempt to ensure that humanitarian agencies would have full and unhindered access to populations in need. All of those efforts took place within an overall coordination structure established by the co-chairs of the Local Aid Coordination Committee to ensure prioritization, reduce overlaps and assure efficiency in the overall humanitarian response.

V. Conclusions

42. **The political crisis in the Middle East has deepened in the last year. However, despite the death and destruction, some grounds for optimism emerged. There is a growing consensus in the international community around a vision for peace in the Middle East — one of two States, Israel and Palestine, living side by side within secure and recognized borders in an economically prosperous region. The international community remains committed to pursuing this vision in a comprehensive manner, seeking parallel progress in the security, political and economic dimensions of the crisis.**

43. **However, the current situation in the occupied Palestinian territory is characterized by a deepening economic crisis with growing humanitarian consequences. The Palestinian people are facing a threat of economic collapse and social destitution. Continued emergency economic and social assistance is needed, but this cannot be a substitute for a resumption of political dialogue and progress towards an agreed solution. At the same time, specific steps can be identified which could ease the economic and humanitarian impact of closures and other movement restrictions, as well as the fiscal situation.**

44. **The tightening closure regime in the West Bank and Gaza Strip, implemented by Israel as its response to terrorist attacks on its citizens, is the immediate and single most important cause of this looming economic and social crisis, a crisis whose ramifications are profound. It is also undermining Palestinian, United Nations and donor efforts to pursue and support a reform process for the Palestinian Authority.**

45. **The aid community is faced with a multidimensional challenge: to continue to support medium- and long-term development activities and capacity-building for the Palestinian Authority and Palestinian civil society, while at the same time assisting in the repair of physical and institutional damage and responding to the growing emergency humanitarian needs of the population. The aid community is attempting to do this in a context of violence and violations of the norms established by international humanitarian law pertaining to the protection of civilians. Particularly distressing have been the impediments faced by the aid community in reaching civilian victims of the conflict.**

46. **United Nations involvement and assistance to the Palestinian people will require close collaboration among donors and with the Palestinian Authority and constant review of priorities in the light of changing circumstances. Existing funds may need to be reprogrammed and additional funding must be found to support repair, reconstruction and growing humanitarian needs. Unless and until there is real political progress, the United Nations system needs to be prepared for a situation in which an increasing number of Palestinians will be dependent upon welfare and the generosity of the international community.**

47. **Meeting the immediate challenges requires, by the parties, full respect for their obligations under international humanitarian law, and that they make**

every effort to facilitate the work of United Nations agencies and the donor and aid communities. The far-reaching efforts of the donors to provide financial assistance for the humanitarian agencies and to support the Palestinian Authority's budget are to be commended and must continue. I call upon the international community to provide the necessary resources for the assistance programmes for the Palestinian people. I would draw particular attention to the latest emergency appeal of UNRWA, which provides vital services for hundreds of thousands of Palestinians.

48. For its part the United Nations, working both within the Quartet and with the donor community, will continue to advocate an end to violence, including terrorism, and to promote a meaningful resumption of political dialogue between the parties leading to the achievement of a comprehensive, just and lasting political settlement of the conflict based on relevant United Nations resolutions and "land for peace". At the same time, the United Nations will continue to seek a resumption of progress towards an economically vibrant region where Palestinian living conditions, as well as those of Israel and all others in the region, would provide a strong underpinning to peace and reconciliation between peoples.